

2002 LEGISLATIVE REPORT

Senator
**Betti
Sheldon**



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Dear Neighbors,

June 2002

We began the 2002 session of the state Legislature facing two daunting challenges: For one, we had to balance a state budget that had tipped deeply into the red when the September terrorist attacks drastically slowed the state's economy and hurt tax revenues. Second, we had to fix a transportation system that is creating gridlock and crimping economic growth in our state.

Sixty days later we adjourned, but not before successfully addressing those two pressing concerns. There is no pretending the solutions were perfect, or that we don't still have lots of work to do. But we did make some tough decisions, and we made substantial progress on the big issues:

- ✓ **We balanced the budget without increasing taxes.**
- ✓ **We passed a transportation package.** As a result, voters will have a chance in November to decide whether they support a 9-cent increase in the gas tax to generate \$7.7 billion in new revenues. These funds would be used to make improvements to our roads, ferries and overall transportation system during the next 10 years.
- ✓ **We funded local projects to improve our community, Olympic College and local parks.** The capital budget contains \$1.6 million for the **Kitsap County Emergency Services Readiness Center**, as well as additional funding for repairs at Olympic College and improvements to the city of Bremerton's Maritime Park.

We also passed some significant new laws. One, for example, allows employees to use their leave to take care of sick family members; another protects consumers by keeping insurers from using a person's credit rating to deny them coverage for auto insurance and other kinds of policies.

But rewriting the budget was the big challenge. Balancing it was not a painless exercise. Every agency or program sustained cuts. As many as 1,300 state jobs will be eliminated. Community college and university tuition will go up for students. Some people who receive Medicaid health services will now have to pay more and get less.

In the end, it was a budget nobody loved.

This newsletter will provide you with more information about the challenges we faced and what we did in response to those challenges. I hope you will find it useful and informative. Please contact me if you have questions or need assistance.

Sincerely,

Betti L. Sheldon

Transportation: Now it's Up to the Voters



Sen. Sheldon looks over plans for a road improvement project in Kitsap County.

For several years, the Legislature has been struggling with how to fix our transportation problems. This session, the Legislature acted. We put together a list of projects and a way to pay for them. It will be up to the voters to either accept or reject that package.

Under the proposal that will be on the ballot in November, the list of transportation improvements will be financed by a 9-cent increase in the statewide gas tax (phased in over several years); a 30 percent increase in commercial trucking fees (two year phase in); and a 1 percentage point increase in the vehicle sales tax.

If approved, the average motorist would pay an additional \$68 a year in gas taxes. What would that buy?

- **Ferries:** \$681 million would be dedicated to major improvements in the ferry system, including the addition of four new auto ferries and new lanes at the Bremerton ferry docks. Of that total, \$366 million would be targeted for improving the passenger-only ferry system, including additional boats and terminal work in Kingston and Southworth.
- **Central Puget Sound roads:** More than \$3 billion out of the \$7.7 billion in new funding would be earmarked for major road projects in our area, including the **Waaga Way/Highway 3 off-ramp package**.

- **Rail:** \$197 million would be invested in rail projects.
- **Public transportation:** About \$820 million would go toward public transportation projects, including \$450 million for public transit.
- **Cities and counties:** Bremerton and other cities would receive \$75 million over 10 years to use as they see fit for their area. Kitsap County and the other counties will share \$75 million.

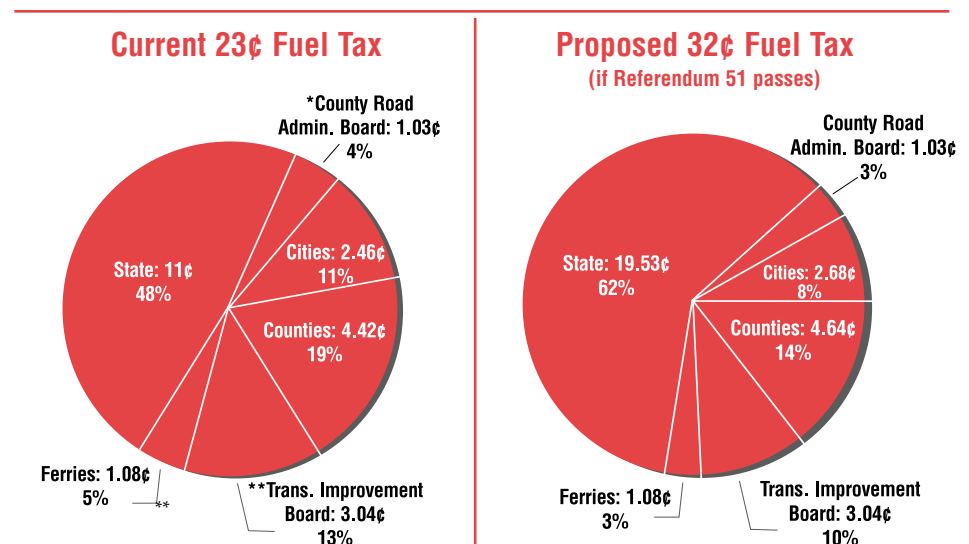
Accountability. A citizens' commission will oversee the Department of Transportation audits, which are designed to ensure that public dollars are spent efficiently and effectively.

In making decisions in November, voters will be asked to think about some of the same facts that legislators wrestled with this session:

- Central Puget Sound is widely recognized as one of the most congested metropolitan areas in the nation.
- The gas tax has not been raised in 10 years.
- Since 1980, the state's population has increased by about 2 million people, to 5.9 million today.
- Business leaders, including those at Boeing and Microsoft, have identified addressing transportation as the number one issue facing the business community and its continued expansion in Washington.

Now the transportation investment package is in the voters' hands.

How the Gas Tax Is Spent



*CRAB manages transportation grants to counties. **TIB invests gas taxes in local jurisdictions.

Balancing the Budget: Facing a \$1.5 Billion Shortfall

Washington was hit harder than most states by the national economic slowdown triggered by the terrorist attacks last September. Soon after the collapse of the Twin Towers, Boeing announced it would lay off as many as 20,000 workers in the Puget Sound. That had a dramatic ripple effect. Not only did it swell the ranks of the unemployed, giving Washington one of the highest unemployment rates in the country, but it led to an \$800 million reduction in projected state revenues. At the same time that state revenues were falling, the demand for state services was increasing. More children were attending our schools; more convicts were being kept off streets and in our prisons. That combination of decreasing revenues and increasing demands ballooned the state deficit to \$1.5 billion. However, in the end, we found a way to balance the budget.

How did we balance the budget?

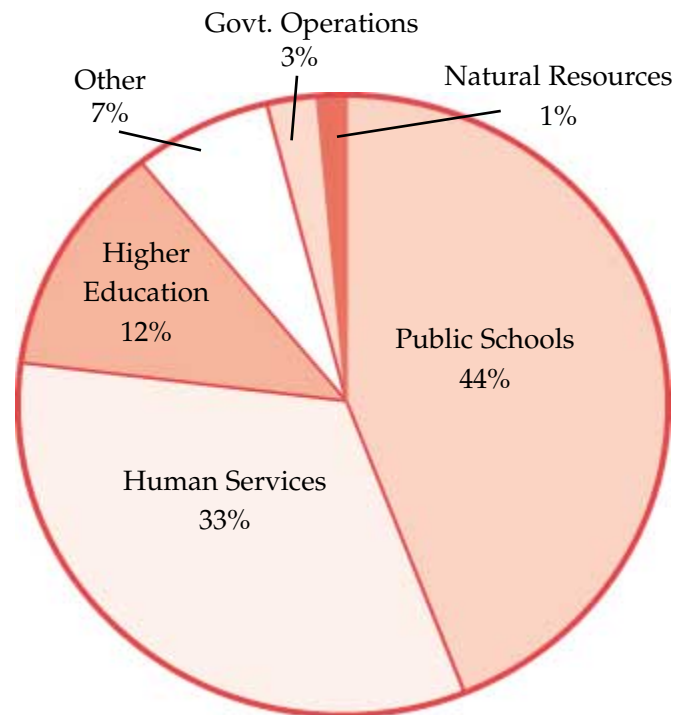
- ◆ **No increases in general taxes.** At a time when the state's economy was slowing, we wanted to avoid putting any additional burden on working families, and we were able to do just that by balancing the budget without any new taxes.
- ◆ **Reduced all state services and programs.** And, as most state funding goes to paying for our public schools, community colleges, and universities, that means we had to make some cuts in education. Consequently and regrettably, students at our colleges and universities are likely to see tuition increases. All told, we made \$684 million in cuts, including the following:
 - 27,000 immigrants will lose their Medicaid health benefits. However, they will be able to get similar services through the Basic Health Plan.
 - State workers will receive no pay increase and will pay more for their health insurance.
 - Some city and county governments will no longer receive \$72 million from the state to make up for the reduction in the car tab tax.
 - Parks and environmental programs took \$24 million in cuts.
- ◆ **Entering the "Big Game."** By participating in a multi-state lottery, we expect to increase revenues by \$24 million.

- ◆ **Tapping reserves.** We will use about \$300 million in reserves and money transfers. That will leave us with about \$300 million in reserves.
- ◆ **Using tobacco funds.** Like many other states, we will be using about one-quarter of the proceeds from the national tobacco settlement to balance the budget. This move will provide us with \$450 million in additional funding.

Where does this leave us?

The good news, as I have said, is we managed to balance the budget this session without increasing general taxes. And the cuts we did make were distributed across all services and programs, from kindergarten to nursing homes. The not-so good news is that it's highly likely that next session we will be facing a significant deficit again. And we will, again, have to make tough choices about whether to make cuts or increase taxes. **That is the plain truth.**

Revised State General Fund 01-03



Other Issues

- ◆ **Narrows bridge.** Finally, after years of trying, the way for construction of a second bridge spanning the Narrows was cleared with the passage of House Bill 2724, which repealed the ban on tolls on the existing Tacoma Narrows bridge. That cleared the way to use tolls to fund the \$800 million project. One victory for bridge users was that maintenance of the existing span will continue to be the responsibility of the state, rather than toll-payers. That will have the effect of reducing tolls by a total of \$100 million during the next 25 years. Construction is expected to begin at the end of the year.
- ◆ **Nurse overtime.** In an effort to ensure the highest standards of patient care, Senate Bill 6675 prohibits employers from requiring nurses to work overtime, except in emergencies or if the employer can't find additional nurses.
- ◆ **Seat belts.** Motorists can now be pulled over and fined for not wearing their seat belts. Before, a driver could be ticketed for this only if they were stopped for some other violation. The goal is to increase use of seat belts and reduce avoidable injuries.
- ◆ **Community college and university tuition.** Under pressure to cut the state budget, the Legislature is allowing colleges and universities to make up the loss in state funding by increasing tuition. Community colleges will be able to increase tuition for state residents up to 12 percent; four-year institutions can boost tuitions by up to 16 percent.
- ◆ **Backfill funding for cities, counties and health districts.** When the voters and the Legislature repealed the car tab tax in 2000, local governments lost a revenue source, which the Legislature, in the past, has partially made up with other funding. But given the budget situation this session, the so-called "backfill" to counties and cities was reduced by \$72 million. However, county health districts will continue to get 90 percent of the money they lost with the rollback of the car tab tax. That's \$25 million for local health districts statewide.



- ◆ **Credit scoring.** A new law protects purchasers of insurance policies (life, auto, homeowners) by restricting insurers from unfairly using credit histories to not renew or to deny coverage.
- ◆ **Family leave.** Employees now will be able to use their vacation or sick leave to take care of a seriously ill family member.
- ◆ **Retraining unemployed workers.** As part of unemployment insurance reform, additional retraining benefits will be available to laid-off aerospace workers.
- ◆ **Emergency communication systems.** The Nisqually earthquake and the September terrorist attacks underscored the need for police and fire departments to be able to respond quickly and in a coordinated fashion to emergencies, whether natural or man-made. Under a new law passed this session that had the support of the Washington State Association of Fire Chiefs, Kitsap and other counties will be able to upgrade their communications systems. But counties will be allowed to impose only a 0.1 percent tax to replace aging equipment and facilities only if voters approve.

Local Projects

With funding provided in the state capital budget, these Kitsap projects will move forward:

- ◆ **Kitsap County Emergency Services Center.** The budget provides \$1.6 million in state funds for the new center, which will place the county's emergency services in one central location and provide training to firefighters and other emergency responders. This state-of-the-art facility is likely to be emulated in other states and across the nation. On a personal note, I want to thank all the folks who worked so hard to make this project a reality.
- ◆ **Olympic College.** The capital budget provides \$1.3 million for repairs and upgrades on the campus of Olympic Community College.
- ◆ **Maritime Park.** \$500,000 in funding is provided for the city of Bremerton's Maritime Park.



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Update on Health Issues

When revenues are falling and health care costs are going up at three to four times the rate of inflation, just treading water can be a positive outcome. This session, on health care issues, we did some of that, taking some steps forward, some back.

- ◆ **Expanded enrollment in the Basic Health Plan.** As a result of the voters' approval of a 60 cents-per-pack increase in cigarette taxes, an additional 47,000 low-income state residents will be able to receive affordable health care through the Basic Health Plan. This will bring total enrollment in the plan to 172,000 by June 2003.
- ◆ **Stalled on prescription drugs.** For many senior citizens, the rising cost of prescription drugs is forcing them to dig deeper into their pockets to pay for these increasingly important medications. One bill would have used the state's purchasing power to negotiate lower drug prices for prescriptions, and those lower prices would have been passed on to anyone who wanted to join the state purchasing cooperative. Unfortunately, the drug companies, with all their lobbyists, were able to mount a formidable campaign against the bill, and it died in the House of Representatives. This issue is of such critical importance that it won't go away, either at the state or federal level. We need to keep working to make prescriptions more affordable.

Goodbye Sally, Hello Andy

For the past two years, if any of my constituents needed help, had a question or a complaint, chances are it was Sally See, my legislative assistant, who was there with a cheery voice and dogged determination to help out. Well, all good things come to end. Although she will miss talking and working with my constituents, Sally is taking a new job with the Department of Transportation in Olympia. I want to thank her for all her efforts on behalf of both you and me. She has been a pleasure to work with, and I wish her the best of luck in her new endeavor.

Stepping into Sally's job in my office will be Andy McVicar, a 2000 graduate of the University of Washington who majored in political science. Andy isn't new to the Legislature, having previously worked in Sen. Rosemary McAuliffe's office. But he is new to the 23rd District and eager to learn more about Kitsap and what's important to you and me. That will happen quickly, as he will be meeting and talking with lots of you in the months to come. I hope you will join me in welcoming him to the office. Please contact Andy or myself if you need assistance or want to express a concern.



Former Legislative Assistant, Sally See, and new LA, Andy McVicar





Brittany Haun



Catherine Macala



Colton Bangs



James Bottenfield



Jori Saegar



Kimberly Smith



Logan Cerelli-Lough



Maria Ramirez



Shauna Bernabe



Sydney Dale



Tristan Owens

Local High School Students Learn about the Legislature

If you know any students between 14 and 16 years of age interested in being a page for a week, please call my office at (360) 786-7644.

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